

Secretary

U.S. Department of Homeland Security
Washington, DC 20528



Homeland
Security

May 5, 2011

MEMORANDUM FOR: Charles K. Edwards
Acting Inspector General

Council of Inspectors General on Integrity and Efficiency

FROM: Janet Napolitano 
Secretary

SUBJECT: Quarterly High-Dollar Overpayments Report
January to March 2011

Attached, as required by Section 3f of Executive Order 13520: Reducing Improper Payments, is the Department's Quarterly High-Dollar Overpayments Report for the period January to March 2011. This report will be made publicly available within 15 days. Additionally, as you requested, this report includes information on high-dollar overpayments from prior reports which remain uncollected as of March 31, 2011.

This report supports the Department's commitment to fulfilling the Executive Order's goals of eliminating payment error and waste in federal programs and increasing the transparency and public scrutiny of significant improper payments.

Attachment

Department of Homeland Security
Quarterly High-Dollar Overpayments Report
for the Quarter Ending March 31, 2011

DHS Component	Recipient Type (Entity or Individual)	Recipient's City/County	Recipient's State	Program(s) Responsible	Recovery Actions Taken or Planned	Actions to Prevent Reoccurrence	Payment Date	High \$ Overpayment Date Identified	Amount Paid	Correct Amount
CBP	Entity	Buffalo	NY	Office of Administration (OA), Facilities Management and Engineering (FM&E) Directorate	Contacted vendor; overpayment collected	Directorate reviewing internal procedures on creating obligations and payments, particularly as they relate to leases for real property.	January 7, 2011	February 4, 2011	\$97,646.01	\$0.00
CBP	Entity	Vienna	VA	Office of Technology, Innovation and Acquisition (OTIA), Office of Information and Technology (OIT), and Office of Administration (OA)	Contacted vendor; overpayment collected	Training of program office staff responsible for entering goods receipt information to use current invoice amounts not cumulative amounts. Similar training given to the designated billing office that released the improper payment. Future payments will be examined thoroughly before payments are released.	March 21, 2011	March 22, 2011	\$396,170.25	\$25,835.17
ICE	Entity	Reston	VA	BFC	Vendor returned funds through a Returned EFT Schedule	Implement a control which will prevent payments which have begun but not completed payment certification from being selected for payment on another Treasury schedule. Update procedures and train certifiers on the need to complete without interruption all payment scheduling procedures.	January 28, 2011	January 28, 2011	\$171,340.44	\$0.00
ICE	Entity	Miami	FL	BFC	Vendor returned funds through a Returned EFT Schedule	Implement a control which will prevent payments which have begun but not completed payment certification from being selected for payment on another Treasury schedule. Update procedures and train certifiers on the need to complete without interruption all payment scheduling procedures. Note: Total represents 15 payments of \$87,710.00 made to the same company on the same day.	January 28, 2011	January 28, 2011	\$1,315,650.00	\$0.00
NPPD	Entity	Palo Alto	CA	NPPD	Contacted vendor; overpayment collected	The finance center communicated to the field office the need to track service period of performance within the obligation. Training given to field office staff to approve only NPPD's portion of services on invoices involving multiple DHS Components.	January 24, 2011	January 24, 2011	\$578,635.78	\$314,807.56
NPPD	Entity	Atlanta	GA	BFC	Vendor returned funds through a Returned EFT Schedule	Implement a control which will prevent payments which have begun but not completed payment certification from being selected for payment on another Treasury schedule. Update procedures and train certifiers on the need to complete without interruption all payment scheduling procedures.	January 28, 2011	January 28, 2011	\$64,804.00	\$0.00
NPPD	Entity	Albuquerque	NM	Federal Protective Service (FPS)	Contacted vendor; overpayment collected	The finance center communicated to the field office the need to track service period of performance within the obligation. The vendor invoiced FPS twice for the same services under two separate invoices, which were approved by NPPD.	January 25, 2011	February 4, 2011	\$155,442.60	\$0.00
NPPD	Entity	Newport	RI	NPPD	Vendor returned funds through a Returned EFT Schedule	The finance center communicated to the field office the need to track service period of performance within the obligation. The vendor invoiced NPPD for the same services under two separate invoices, which were approved by NPPD.	March 2, 2011	March 11, 2011	\$25,368.75	\$0.00

S&T	Entity	Woburn	MA	BFC	Vendor returned funds through a Returned EFT Schedule	Finance center - To verify vendor ID and banking information during payment process. Note: Overpayment was identified while in transit to the US Treasury but could not be pulled back.	March 15, 2011	March 14, 2011	\$158,246.37	\$0.00
S&T	Entity	Woburn	MA	BFC	Vendor returned funds through a Returned EFT Schedule	Finance center - To verify vendor ID and banking information during payment process.	March 28, 2011	March 29, 2011	\$158,246.37	\$0.00
USCG	Entity	Miami	Florida	Air Station Miami	Contacted vendor who confirmed overpayment; vendor added to USCG 'Do Not Pay List' with automatic offset of overpayment on next invoice	Further training has been given in the stop payment process regarding return email validation of all stop pay requests. Additionally, training has been given in research of payment history where payments are made at month-end.	September 25, 2010	January 10, 2011	\$76,740.37	\$38,177.37
USCG	Entity	Culpeper	Virginia	Deepwater Horizon	Contacted vendor; overpayment collected	Explained to the Contracting Officer the importance of entering invoices into the imaging system correctly so that control checks can prevent duplicate payments. Reinforced to contracting officer the submission of valid invoices.	December 28, 2010	January 10, 2011	\$97,299.86	\$48,649.93
USCG	Entity	Charlotte	North Carolina	Telecom Services Branch	Contacted vendor; overpayment collected	Explained to the Contracting Officer the importance of entering invoices into the imaging system correctly so that control checks can prevent duplicate payments. Reinforced to contracting officer the submission of valid invoices.	December 8, 2010	January 10, 2011	\$475,370.62	\$236,036.80
USCG	Entity	Bakersfield	CA	Acquisition, Construction & Improvements	Contacted vendor; overpayment collected	Vendor required to submit future invoices using separate identifying numbers in order to prevent duplication.	January 5, 2011	January 5, 2011	\$98,157.00	\$32,719.00
USCG	Entity	Herndon	VA	Operating Expenses	Vendor contacted USCG; overpayment collected	Evaluate existing controls and work with Contracting to identify legal and appropriate ways to strengthen controls.	February 11, 2011	February 11, 2011	\$100,032.56	\$0.00

Department of Homeland Security
Quarterly High-Dollar Overpayments Corrective Action for OCFO
for the Quarter Ending March 31, 2011

DHS Component	Recipient Type (Entity or Individual)	High \$ Overpayment Date Identified	Amount Paid	Recovered	Detailed Information to Why the Overpayment Occurred	Source that Identified Error	Detailed description to how Payment was Identified	Detailed Corrective Action Plans	Date Corrective Action Planned/Implemented	Tied to the A-123 process
CBP	Entity	February 4, 2011	\$97,646.01	Yes	Office of Administration (OA), Facilities Management and Engineering (FM&E), Dallas Facilities Office created a lease for real property that was already established by the Indianapolis Facilities Office.	Recipient self-reported overpayments	The vendor contacted OA when the duplicate payment was received.	OA / FM&E Directorate is reviewing internal procedures on establishing leases for real property.	TBD	Section II: Standards, C - Control Activities
CBP	Entity	March 22, 2011	\$396,170.25	Yes	The vendor's invoice included 2 columns of amounts, one for the current billing period and one for the accumulated billing under the contract. The amount under the accumulated billing was used as the current invoice amount in error.	Recipient self-reported overpayment	The vendor contacted OA when the duplicate payment was received.	The program office responsible for entering the goods receipt information was informed of this incorrect posting. The designated billing office that released the improper payment was informed of this incorrect posting. Future payments will be examined thoroughly before payments are released.	March 2011	Section II: Standards, C - Control Activities
ICE	Entity	January 28, 2011	\$171,340.44	Yes	The duplicate payments were the result of two employees running portions of the schedule process at the same time. The logic in the PM204 process currently checks to determine that the PM103 is current and in synch with the PM102 for the user before generating a payment file, but the validation does not check against other users processing payments.	Other	BFC/IMPB received a call from a vendor regarding a duplicate payment received. The supervisor researched the issue and discovered that there were multiple duplicate payments when she started reviewing the payment schedules. At this point, BFC got Savantage involved and we were able to identify each duplicate payment.	A system fix (SIR) is being put in place in FFMS. The logic in the PM204 process currently checks to determine that the PM103 is current and in synch with the PM102 for the user before generating a payment file. Additional validation logic will be added to check against other user's payment processing to determine if there is any duplication.	January 28, 2011 - Planned Currently ICE is waiting for SIR 5695 to be released in FFMS	Control weaknesses relating to the preparation and submission of payment schedules were identified during the FY2010 Payment TOE.
ICE	Entity	January 28, 2011	\$1,315,650.00	Yes	The duplicate payments were the result of two employees running portions of the schedule process at the same time. The logic in the PM204 process currently checks to determine that the PM103 is current and in synch with the PM102 for the user before generating a payment file, but the validation does not check against other users processing payments.	Other	BFC/IMPB received a call from a vendor regarding a duplicate payment received. The supervisor researched the issue and discovered that there were multiple duplicate payments when she started reviewing the payment schedules. At this point, BFC got Savantage involved and we were able to identify each duplicate payment.	A system fix (SIR) is being put in place in FFMS. The logic in the PM204 process currently checks to determine that the PM103 is current and in synch with the PM102 for the user before generating a payment file. Additional validation logic will be added to check against other user's payment processing to determine if there is any duplication.	January 28, 2011 - Planned Currently ICE is waiting for SIR 5695 to be released in FFMS	Control weaknesses relating to the preparation and submission of payment schedules were identified during the FY2010 Payment TOE.
NPPD	Entity	January 24, 2011	\$578,635.78	Yes	The vendor invoices both S&T and NPPD for services under the same invoice. NPPD not only approved their portion of the invoice, but approved S&T's portion as well.	Other	S&T, another customer of BFC's, sent a reminder that they were paying a portion of the invoice and NPPD was paying a portion. This triggered the Accounting Technician to look into the invoice/payment for both S&T and NPPD and they discovered that NPPD had approved the invoice for the full amount.	NPPD offset overpayment on invoice EP00388433. The finance center communicated to the field office the need to track service period of performance within the obligation.	ICE: February 16, 2011 Planned	Control weaknesses relating to the partial payment of invoices and the 3 way match were identified during the FY 2010 Payment TOE.
NPPD	Entity	January 28, 2011	\$64,804.00	Yes	The duplicate payments were the result of two employees running portions of the schedule process at the same time. The logic in the PM204 process currently checks to determine that the PM103 is current and in synch with the PM102 for the user before generating a payment file, but the validation does not check against other users processing payments.	Other	BFC/IMPB received a call from a vendor regarding a duplicate payment received. The supervisor researched the issue and discovered that there were multiple duplicate payments when she started reviewing the payment schedules. At this point, BFC got Savantage involved and we were able to identify each duplicate payment.	A system fix (SIR) is being put in place in FFMS. The logic in the PM204 process currently checks to determine that the PM103 is current and in synch with the PM102 for the user before generating a payment file. Additional validation logic will be added to check against other user's payment processing to determine if there is any duplication.	ICE: January 28, 2011 Planned Currently ICE is waiting for SIR 5695 to be released in FFMS	Control weaknesses relating to the preparation and submission of payment schedules were identified during the FY2010 Payment TOE.
NPPD	Entity	February 4, 2011	\$155,442.60	Yes	Vendor invoiced FPS for the same services under two different invoice numbers	Recipient self-reported overpayments	Vendor contacted BFC regarding duplicate payment for same service period.	AR created and vendor returned funds via check. The finance center communicated to the field office the need to track service period of performance within the obligation.	ICE: February 4, 2011 Planned	Control weaknesses relating to the 3 way match were identified during the FY 2010 Payment TOE

NPPD	Entity	March 4, 2011	\$25,368.75	Yes	Vendor invoiced NPPD for the same services under two different invoice numbers	Recipient self-reported overpayments	Vendor contacted BFC regarding duplicate payment for same service period.	Vendor returned funds through a Cancelled EFT Schedule. The finance center communicated to the field office the need to track service period of performance within the obligation.	ICE: March 11, 2011 Planned	Control weaknesses relating to the 3 way match were identified during the FY 2010 Payment TOE
S&T	Entity	March 14, 2011	\$158,246.37	Yes	Wrong Vendor ID was paid. The Vendor ID used to make the payment was not closely reviewed against the vendor information on the invoice.	Other	Accounting Technician was reviewing the payment record after the payment had been transmitted to Treasury and realized that he had selected the incorrect Vendor ID in FFMS.	Finance center - To verify vendor ID and banking information during payment process.	ICE: March 14, 2011 Planned	Control weaknesses regarding payments to the correct vendor and the correct vendor account were identified during the FY2010 Payment TOE.
S&T	Entity	March 29, 2011	\$158,246.37	Yes	This payment record shell was approved and certified because the original payment had been cancelled. We were awaiting FARs to open a line on the obligation so we could void the shell. In the meantime, staff set the release flag to "No" to ensure a payment would not go out. In error another staff member changed the release flag to "Yes" because the proper process and research was not performed to determine why the release flag had been set to "No" for this payment record.	Other	Supervisor, monitoring the return of the original payment and the subsequent processing, accessed FFMS to verify the staff and realized that the payment had erroneously been released.	Finance center - To verify vendor ID and banking information during payment process. All PM003 records with a release flag set to "No" must be thoroughly researched.	ICE: March 29, 2011 Planned	Control weaknesses regarding payments to the correct vendor and the correct vendor account were identified during the FY2010 Payment TOE.
USCG	Entity	January 10, 2011	\$76,740.37	No	Original payment for Invoice # 100531 dated 09/20/10 was processed on 9/25/10 without the discount. Revised Invoice # 100531R, also dated 9/20/10, was processed offline through SPS to capture a vendor discount while the system was down for month end close-outs. A stop pay request was submitted for the first payment but action was not successfully taken to cancel the first payment.	Component post-payment review	Error was received from Coast Guard Field Unit Reconciler citing duplicate charge against the PO.	Owner of the company contacted on January 18, 2011 and confirmed duplicate overpayment. Company added to USCG's 'Do Not Pay List' with automatic offset of overpayment on next invoice. Additional training of technician and ACO staff on the process.	April 4, 2011	Internal controls are being re-evaluated so that the information and communication component is efficient. Communication of employees control related duties and responsibilities are being reinforced.
USCG	Entity	January 10, 2010	\$97,299.86	Yes	The Contracting Officer submitted invoice #201047 twice to FINCEN under different order numbers for the same contract number. The first payment was submitted on 12/2/10 and the second payment was submitted 12/23/10. Both invoices were paid.	Other	On 01/10/11 an email was received from the Contracting Officer informing Coast Guard that invoice #201047 was paid twice.	Explained to the Contracting Officer the importance of entering invoices correctly so that WINS internal control checks can prevent duplicate payments. Reinforced with KO the submission of valid invoices.	Implemented on January 28, 2011	Added Corrective Action Plan to the Internal Control process by issuing an updated checklist. Doing so will strengthen external communications with the contracting officers as well as improve internal controls.
USCG	Entity	January 10, 2010	\$475,370.82	Yes	The vendor submitted invoice #SOI1001934 with different invoice dates to the Contracting Officer; one on 6/30/10 and one on 10/25/10. The Contracting Officer submitted the first invoice on 10/29/10 and the other invoice on 1/5/11.	Other	Duplicate payment of invoice #SOI1001934 was identified on 1/10/11 when a subsequent valid invoice submitted for payment was researched.	Notified Contracting Officer of duplicate invoice #SOI1001934 and explained the importance of entering invoices correctly so that WINS internal control checks can prevent duplicate payments. Reinforced with KO the submission of valid invoices.	Implemented on January 28, 2011	Added Corrective Action Plan to the Internal Control process by issuing an updated checklist. Doing so will strengthen external communications with the contracting officers as well as improve internal controls.
USCG	Entity	January 5, 2011	\$98,157.00	Yes	Vendor submitted three (3) duplicate invoices	Other	Contracting Specialist discovered duplicate payments during review of the contract	Vendor is required to submit future invoices using separate identifying numbers	January 5, 2011	
USCG	Entity	February 11, 2011	\$100,032.56	YES	Vendor's Sub-Contractor falsified billings for services performed at Coast Guard. The Vendor billed Coast Guard for the amounts erroneously submitted by the Sub-Contractor.	Recipient self-reported overpayments	Vendor's Internal Audit department discovered the falsified billing and returned overpayment back to Coast Guard.	Coast Guard will continue to match Sub-Contractor time sheets to Vendor Invoices to ensure validity of payments. The Coast Guard's Financial Management office will also work with the Contracting office to identify legal and appropriate means for verifying contractor hours to reasonably prevent this overpayment from happening again.	September 30, 2011	

**Department of Homeland Security
Outstanding High-Dollar Overpayments
from Prior Quarterly Reports**

DHS Component	Recipient Type (Entity or Individual)	Recipient's City/County	Recipient's State	Program(s) Responsible	Recovery Actions Taken or Planned	Payment Date	High \$ Overpayment Date Identified	Amount Paid	Correct Amount	Overpayment Amount	Days Outstanding as of March 31, 2011
FEMA	Entity	District of Columbia	District of Columbia	Homeland Security Grant Program	A large volume of supporting documentation received from grantee. FEMA reviewing for sufficiency.	August 19, 2009	July 28, 2010	\$3,133,009.25	\$1,141,785.10	\$1,991,224.15	246
FEMA	Entity	Indianapolis	Indiana	Public Assistance	Additional supporting documentation received from grantee. FEMA reviewing for sufficiency.	August 11, 2009	August 1, 2010	\$208,184.29	\$0.00	\$208,184.29	242
FEMA	Entity	Carson City	Nevada	Homeland Security Grant Program	Additional supporting documentation received from grantee. FEMA reviewing for sufficiency.	September 30, 2009	August 5, 2010	\$27,609.10	\$0.00	\$27,609.10	238
FEMA	individual	Gilchrist	Texas	Individual and Households Payments	Refund package sent to individual.	October 13, 2008	September 30, 2010	\$27,372.00	\$0.00	\$27,372.00	182
FEMA	individual	Seabrook	Texas	Individual and Households Payments	Refund package sent to individual.	November 11, 2008	September 30, 2010	\$19,239.54	\$0.00	\$19,239.54	182
FEMA	individual	Houston	Texas	Individual and Households Payments	Refund package sent to individual.	February 2, 2009	September 30, 2010	\$17,702.46	\$9,823.27	\$7,879.19	182
FEMA	individual	Hackberry	Louisiana	Individual and Households Payments	Refund package sent to individual.	January 9, 2009	September 30, 2010	\$7,252.67	\$1,275.24	\$5,977.43	182